

CORPORATE MANAGEMENT

With an annual budget of \$18 billion, the Department of Energy is charged with addressing issues of extraordinary technical and scientific complexity and diversity. DOE employs almost 16,000 Federal workers and over 100,000 contractors; it owns and manages over 50 major installations located on 2.4 million acres in 35 states, making it the Nation's fourth largest Federal landowner.

The Department faces multiple performance and management challenges. These challenges have been primarily identified through DOE's own internal reviews and Inspector General reports, but have also been reported by others such as the Office of Management and Budget, General Accounting Office, Congressional committees, and the National Partnership for Reinventing Government (NPR). The most significant management challenges the Department is addressing include:

- M Providing ongoing stewardship of some of the most hazardous materials known to mankind. Our safety and health concerns and environmental problems are formidable.
- M Ensuring the continued development of our staff to meet human resource challenges: nearly half of the current R&D technical managers will be eligible to retire within five years; serious gaps in needed skills have developed due to significant downsizing; there exists virtually no pipeline to develop future managers; and DOE's corps of technical managers lacks gender and ethnic diversity.

- M Improving the organization of the Department and the relationship between the field structure and the program offices to increase efficiency, strengthen management, ensure accountability, and improve reporting requirements.
- M Reforming our processes for project management and acquisition of large facilities to better adhere to project schedules and budgets.
- M Better integrating the R&D programs within each business line and among the various business lines of DOE to take advantage of technical advances and new ideas in areas of shared interest.
- M Increasing the use of competition to select contractors, and improving the management of contractors through the use of the principles of performance-based management.
- M Integrating performance and budget planning at the program level through the use of DOE's Strategic Management System and performance-based management.

Situation Analysis

By focusing on the underlying management issues, the Department has made significant progress in aligning resources with agency priorities, streamlining operations, and reducing costs. We have accomplished many of the strategic alignment goals set out in the previous DOE Strategic Plan.

In addition, the Secretary has announced new initiatives to improve administrative management, streamline operations, and better manage DOE's contractors.

Initiatives to improve administrative management are directed at ensuring that resources are effectively focused on supporting DOE's core missions—energy resources, national nuclear security, environmental quality, and science. Initiatives to streamline operations are aimed at making services more convenient and less costly, eliminating redundant and out-of-date systems, and allocating staff resources more efficiently. The Department performs most of its work, both operations and construction, through private contractors. Initiatives to improve DOE's management of its contractors will help ensure that contractor work is accomplished more efficiently and effectively. The Department will continue to review, monitor, and recommend new management initiatives to save taxpayers' money.

Safety and Health. Because the Department has stewardship over some of the most hazardous materials known to mankind, our safety and health concerns and environmental problems are formidable. These problems challenge DOE's ability to ensure the health and welfare of workers and the public. In response, the Department is implementing several initiatives: Integrated Safety Management (ISM), new processes for self-assessment and corrective action, and independent oversight evaluations.

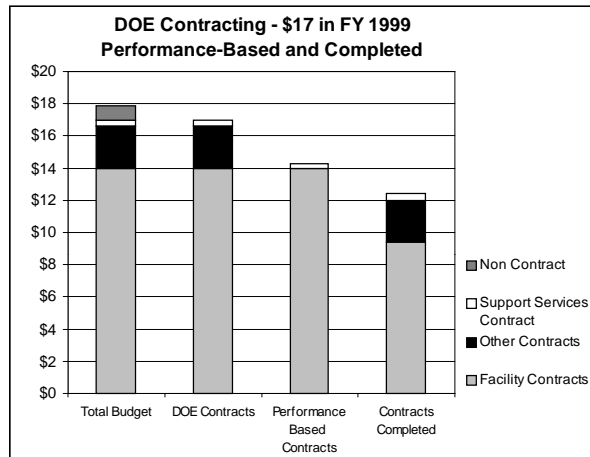
The Department has a long-term plan for correcting nuclear and occupational safety and health deficiencies. It includes ongoing evaluation of internal operations, final publication of remaining Nuclear Safety Management Rules during FY 2000, and completion of actions to correct deficiencies in the storage of spent fuel by 2005. In addition, the Department is working to implement ISM at all sites by September 2000,

and has established a safety council that will ensure ISM targets are met. To signal its seriousness about health and safety, the Department is inserting a clause into contracts that puts the contractor's entire performance-based fee at risk for poor safety performance. The Department also plans to mitigate risks to workers and environmental impacts by issuing aggressive goals to reduce the amount of waste generated by DOE programs and to improve the efficiency of its energy usage over the next ten years.

Contract Management. For an agency that contracts out 94 percent of its budget, excellent contract management is essential. DOE strives to ensure public confidence by competing contracts and by rewarding contractors for outstanding performance. DOE selects and retains contractors based on their performance as measured through our system of performance-based management. The management system is outcome-oriented and holds both the Department and its contractors accountable for results.

DOE has been revising its contracting practices over the last several years, aligning them as closely as our mission permits to Federal acquisition practices routinely employed throughout the government. DOE has awarded, and will continue to award, more contracts through full and open competition than was the practice of DOE and its predecessor agencies during the Cold War. DOE will continue to rely on full and open competition unless there is a need to utilize exemptions as authorized in the Competition in Contracting Act. Such exemptions exist for important and urgent national security requirements and for long-term research activities at DOE Federally-funded research and development centers (FFRDCs). Even when an exemption is authorized, contracts may be awarded through competition, as was done

recently for the Idaho National Engineering and Environmental Laboratory, the Oak Ridge National Laboratory, the Brookhaven National Laboratory, and the National Renewable Energy Laboratory.



Project Management. In June 1999, the National Research Council issued a report on improving project management in the Department of Energy. On June 25, 1999, the Deputy Secretary of Energy announced a Project Management Reform Initiative. The Department subsequently established the Office of Engineering and Construction Management within the Office of CFO. This office has been tasked to formulate policy and procedures for implementing a strong, corporate approach to project management throughout the Department. A cornerstone of that policy is a set of procedures, issued by the Deputy Secretary on June 10, 2000, for planning, programming, budgeting, and executing all capital-assets projects, including information technology projects.

Workforce Planning and Management. Since 1995, the Department has reduced Federal staff from 13,640 to 10,027 through reductions in force, buyouts, and attrition during a hiring moratorium to meet lowered budget levels. As a consequence, the average age in the Department has increased from 44 to 48 over the last 5 years—almost 2 years older than the

government-wide average. The fraction of the staff eligible for retirement has increased from 6 percent to 11 percent in the last 5 years and will increase to 34 percent in the next 5 years. These are all signs of a static workforce, with separations exceeding hires by almost 3 to 1.

The Department must ensure that it has the necessary skills to carry out critical missions, and it must begin the process of rebuilding a pipeline of skills for the future as we enter a period when the retirement rate is expected to increase. In November 1998, the Secretary of Energy announced a workforce initiative to identify critical hiring needs and strengthen our technical and management capabilities. Funding for this initiative was not available in FY 2000 leaving the Department almost 700 employees short of projected needs. As we fill these needs, we have the opportunity to focus on diversity to ensure we have a high-quality, representative workforce at the Department.

Inadequate Audit Coverage. The Department obligates approximately \$13 billion annually through contracts with its major contractors who perform many of the functions integral to the DOE mission. The Office of the Inspector General (OIG) first identified inadequate audit coverage as a material weakness in 1991. Over the next few years, the OIG worked with Department management and internal auditors at contractor facilities to develop a methodology known as the Cooperative Audit Strategy, for assessing audit risk and coordinating audit activities. The purpose is to most effectively utilize all audit resources (OIG and contractors' internal auditors). While the strategy has succeeded in getting the most out of existing audit capabilities, statutory audit requirements and responsibilities have continued to accrue at a rapid rate. New audit requirements have seriously hindered the OIG's ability to offer assurance that the Department's major contractors are being

reimbursed only for costs that are reasonable and allowable. Furthermore, staffing levels to conduct internal audits have decreased over the past several years. The OIG is planning to focus its reviews on areas assessed to have the most risk or offer the greatest benefits to key Department programs. However, this risk-based approach can only mitigate, not eliminate, the effect of inadequate staffing.

Information Technology. The Department is benefitting from information technology advances. Developments in desktop and communication technology have allowed our staff offices to remain productive as DOE reduced personnel resources. The compound effects of new commercial off-the-shelf software and process improvements are resulting in significant productivity improvements.

The Chief Information Officer is developing for review and comment Departmental policy to ensure that capital planning for information technology (IT) and investment processes are uniform complex-wide and conform with recent legislation (the Clinger-Cohen Act). The new policy defines requirements for all DOE organizations to ensure that their IT investments support mission, program, and business needs.

The policy also defines the critical elements that each DOE organization should address within the selection, control, and evaluation phases of its processes for managing IT investments. These critical elements are based on guidance issued by the U.S. General Accounting Office in 1997. Upon implementation of the policy, the CIO will conduct periodic reviews of management processes for IT investment within DOE organizations. The frequency of these reviews will be based on the value and composition of each organizations's IT investment portfolio.

Field Operations. Effective performance-based management requires clear lines of authority and accountability. On April 21, 1999, the Secretary changed the organization and management structure of DOE to eliminate multiple reporting channels and improve lines of communication, direction, and accountability. The change included:

- M Establishing a direct reporting relationship between the Department's Field operations to responsible Headquarters Program Offices.
- M Clarifying Field and Headquarters roles and responsibilities.
- M Creating a Field Management Council, chaired by the Chief Operating Officer, to assure consistent implementation of DOE policies.

The establishment of the Field Management Council is but the latest in a series of actions to better integrate roles. In the absence of integration, stove-piping occurs, which increases costs, complicates communications, and impedes effective mission accomplishment.

Key External Factors

Laws, regulations, Executive Orders, and Administration initiatives all dictate the priorities and programs in DOE's Corporate Management area. As far as legislation is concerned, DOE expends significant resources to fulfill the requirements of the following Acts:

- Atomic Energy Act of 1954,
- CFO Act,
- Clinger-Cohen Act of 1996,
- Inspector General Act,
- Federal Managers Financial Integrity Act (FMFIA),

- Government Performance and Results Act of 1993,
- Government Management Reform Act,
- Federal Financial Management Improvement Act (FFMIA),
- Federal Acquisition Reform Act of 1996,
- Federal Acquisition Streamlining Act,
- Federal Activities Inventory Reform Act of 1998, and
- Small Business Act.

The Department also attempts to be responsive to Administration initiatives and Executive Orders that address National Security, Pollution Prevention, Energy Efficiency, Environmental Justice, Historically Black Colleges and Universities, Education Excellence for Hispanic Americans, and Tribal Colleges and Universities. Many of the performance measures in the business line reflect our continuing efforts to implement these laws and regulations.

Interagency Crosscutting Coordination

In order to fulfill their government-wide oversight responsibilities, the Department's management offices coordinate with other Federal agencies including the Office of Personnel Management, OMB, Treasury, GAO, EPA, and SBA. Management offices implement policies of oversight agencies and report on related DOE activities. In addition, DOE managers comply with regulations of the Environmental Protection Agency, the Occupational Safety and Health Administration, and the States.

Congressional and Stakeholder Consultations

The objectives, measures, and strategies of Corporate Management result from regular consultations within the Department, with Congress and GAO, with oversight agencies within the Office of the President, and with other Executive agencies. These consultations are part of the normal day-to-day operation of the DOE staff and functional offices. In addition, DOE receives and carefully considers all input received from the general public.

Program Evaluation and Analysis

Many past program evaluations and analyses have greatly contributed to preparation of this plan. Examples include reviews by the National Research Council, the Federal Technical Capability Panel, Departmental Internal Control and Audit Review Council, and Workforce 21. Other contributions came from evaluations that were part of component strategic and annual plans, performance reviews of annual plans, self-assessments, business management oversight performance reviews, semiannual reports to Congress, and annual accountability reports. Extensive peer and program review processes, together with customer and employee surveys, assure that products and services reflect the highest quality achievable.

Resource Requirements

Financial resources are expected to be steady throughout the planning period. As for human resources, the Department needs about 700 additional employees over the next several years. Continued productivity gains from the application of constantly improving information technology are expected.

CORPORATE MANAGEMENT GENERAL GOAL

Demonstrate excellence in the Department's environment, safety, and health practices and management systems that support our world-class programs.

In its crosscutting efforts, the DOE corporate staff ensures that the Department's programs have in place effective management systems and follow sound business practices. *Corporate Management upholds the DOE core values into our daily business practices. Our obligation is to perform as customer-oriented public servants, working for internal DOE customers and ultimately, for the taxpayers. In addition, we have an equally important responsibility to attend to public safety and respect the environment.*

Objective CM1

Ensure the safety and health of the DOE workforce and members of the public, and the protection of the environment in all Departmental activities.

Introduction

This objective is at the center of DOE's core values. In an industrial environment as hazardous as some Departmental workplaces, we take great care to exceed industry standards for safety. To do so is a major challenge. As a Federal agency responsible to the public, we must hold ourselves to the highest threshold of worker and public safety.

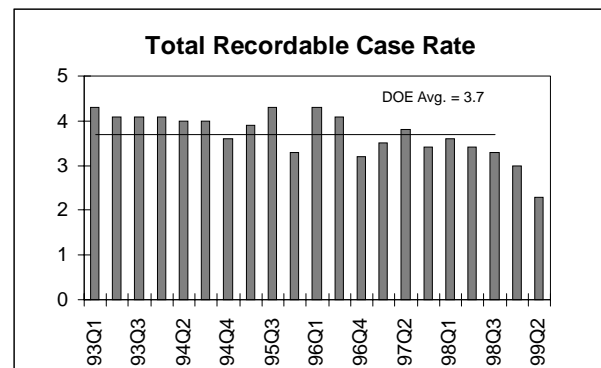
Since 1990, the Department has evaluated its environmental, safety, and health program using 22 performance indicators. A chartered group of safety experts recently consolidated them to 5 complex-wide performance indicators. These five indicators are correlated to performance measures used in the Integrated Safety Management (ISM) System at DOE and can be used to gauge the effectiveness of ISM implementation.

The Department is committed to aggressive pollution prevention and energy efficiency goals. A complex-wide initiative in these areas will set targets for preserving the environment at DOE sites and surrounding areas.

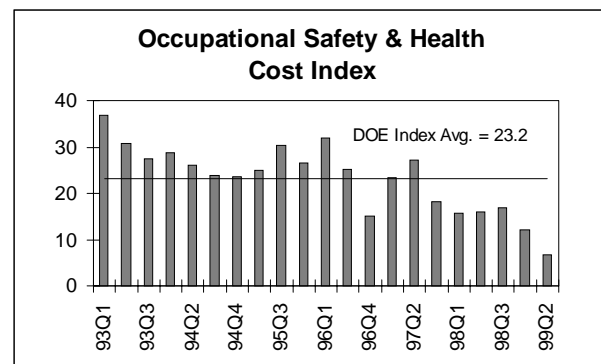
The Objective's Measures

DOE has established the following performance measures. These measures provide the basis by which the Department will know that it has achieved the objective, or is making progress toward it. These measures will be translated into annual targets for performance plans and budgets for the Department.

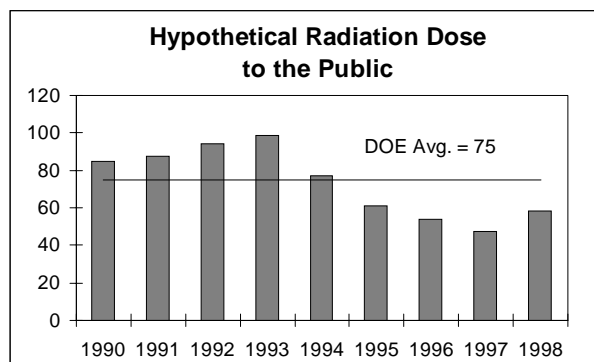
- M Reduce the Total Recordable Case Rate, which measures work-related death, as well as injury or illness that results in loss of consciousness, restriction of work or motion, transfer to another job, or medical treatment beyond first aid.



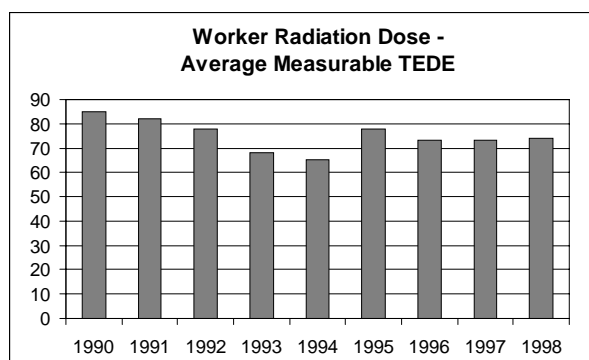
- M Reduce the Occupational Safety Cost Index through vigilance in reducing those types of safety-related injuries/illnesses that have the greatest direct and indirect dollar costs as measured by the Cost Index formula.



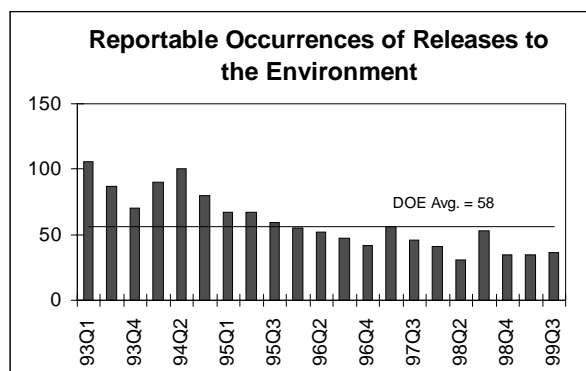
- M Reduce the Hypothetical Radiation Dose to the Public, which is the estimated collective radiation dose (person-rem) to the public within 50 miles of DOE facilities due to airborne releases of radionuclides.



- M Reduce the average measurable dose to DOE workers, which is calculated by dividing the collective total effective dose equivalent (TEDE) by the number of individuals with measurable dose.



- M Reduce the Reportable Occurrences of Releases to the Environment which include: releases of radionuclides, hazardous substances, or regulated pollutants that must be reported to Federal, State, or local agencies.



- M Achieve each of the 14 performance measures related to pollution prevention and energy efficiency, reduce generation of waste, purchase more items with recycled content, improve energy usage, reduce usage and release of environmentally harmful material, improve vehicle fleet efficiency, and use alternative fuels.

The Objective's Strategies

The following strategies describe the way in which the Department will work toward achieving this objective. These activities will be translated into annual budgets and performance plans for the Department.

- M Implement Integrated Safety Management Systems in all major management and operations contracts.
- M Maintain current, up-to-date DOE policies, standards, and guidance; and adopt consensus standards to apply to the DOE work environment.

- M Continue relationships with external regulators (OSHA, NRC, EPA, and the States) to accommodate their special interests and jurisdiction, as appropriate, and to advance the DOE environment, safety, and health goals.
- M Provide products and support in environment, safety, and health that efficiently use centrally managed DOE resources. Programs include the Department of Energy Laboratory Accreditation Program, the Federal Employees Occupational Safety and Health program, and the nationally-recognized Voluntary Protection Program.
- M Provide compliance assurance to DOE line management by drawing on the Department's activities to implement the National Environmental Policy Act (NEPA).
- M Conduct oversight activities to provide information and analysis in order that DOE, contractor management, and the public have an accurate, comprehensive understanding of the effectiveness, vulnerabilities, and trends of the Department's environment, safety, and health policies and programs.
- M Conduct health studies including Occupational Medicine (medical surveillance), Epidemiologic Studies (surveillance and communication of worker injury and illness), Public Health Activities (health studies, health education and promotion, etc., at DOE sites), and International Health Programs (Marshall Islands program and health studies in the former Soviet Union and Spain).
- M Support analysis of the medical effects of radiation including the activities of the Radiation Effects Research Foundation. Contribute to the maintenance of the health and welfare of atomic bomb survivors and to the worldwide enhancement of radiation protection practices and standards.
- M Implement an agency-wide program of pollution prevention and energy efficiency to ingrain environmental accountability into the Department's daily decision-making process. Make continuous and cost-effective improvements that will reduce the generation of waste; reduce/eliminate use of environmentally harmful materials, equipment, and processes; enhance the reuse of materials among DOE sites; and increase the usage of energy-efficient technologies and processes in all our activities.

OBJECTIVE CM2

Manage human resources and diversity initiatives and implement practices to improve the delivery of products and services.

Introduction

This objective constitutes a pledge that internal DOE customers will receive improved services at reduced costs. The Department's Headquarters staff offices support program elements through the internal delivery of products and services. These include: office space, communication services, and office supplies through the Working Capital Fund; personnel and training services; contract administration; financial management and accounting; and corporate policies on many subjects including diversity goals and resolution of internal disputes.

The Objective's Measures

DOE has established the following performance measures. These measures provide the basis by which the Department will know that it has achieved the objective, or is making progress toward it. These measures will be translated into annual targets for performance plans and budgets for the Department.

- M Improve DOE human resources management (specific goals are under development and will be included in annual performance plans).
- M Achieve the Department's diversity goals for hiring and competitive promotions consistent with current Civilian Labor Force statistics.

The Objective's Strategies

The following strategies describe the way in which the Department will work toward achieving this objective. These activities will be translated into annual budgets and performance plans for the Department.

- M Align programs pertaining to human resources to DOE's mission by integrating human resource management into DOE's system for planning, budgeting, and program evaluation; continue to recruit, develop, and manage our workforce to sustain world-class programs.
- M Implement the critical action items in the annual plan developed by the Federal Technical Capability Panel.
- M Implement the milestones in the *DOE Corporate Education, Training, and Development Plan*; develop and implement a new Technical Leadership Development Program; and implement an automated Training Module in the Corporate Human Resources Information System (CHRIS).
- M Initiate a major project to implement a modern systems approach: the Business Management Information System (BMIS).

- M Conduct self-assessments to measure organizational performance using the National Performance Excellence Standard and the Malcolm Baldrige Criteria. Evaluate results, measure trends, and recommend organizational improvements to DOE leadership.

OBJECTIVE CM3

Manage financial resources and physical assets to ensure public confidence.

Introduction

In the areas of financial, contractual, project, and assets/materials management, DOE must provide services to internal customers in a manner that assures the public of the Department's integrity. The following performance measures are in accordance with recent legislation including the Chief Financial Officers Act of 1990, the Federal Financial Management Improvement Act of 1996, the Federal Acquisition Reform Act of 1996, and the Small Business Act and the Small Business Investment Act of 1958 as amended.

The Objective's Measures

DOE has established the following performance measures. These measures provide the basis by which the Department will know that it has achieved the objective, or is making progress toward it. These measures will be translated into annual targets for performance plans and budgets for the Department.

- M Achieve 70 percent of facility-management contracts (including management and operating contracts) being competitive awards by 2003. [We believe that 70 percent is a performance ceiling due to exemptions from competition that exist for important and urgent national security requirements and for long-term research activities at DOE Federally-funded research and development centers (FFRDCs)].



- M Achieve 80 percent of support-service contracts being performance-based by 2003. (There are contracts with routine tasks where performance is important but not a key factor.)
- M Publish by March of each year an annual accountability report that includes the Department-wide audited financial statement which has an unqualified audit opinion.



The Inspector General Gregory Friedman (right) congratulates Chief Financial Officer Michael Telson on the successful completion of the *DOE FY 1999 Accountability Report* and for earning a clean audit opinion of the Department's financial statements.

- M Ensure equitable opportunities for minority educational institutions and small, minority, and women-owned businesses to compete for grants and contracts. (Targets are being negotiated and will be finalized after the publication of the Strategic Plan. They will be included in annual performance plan.)
- M Plan, program, budget, and execute DOE's projects on schedule and at budget. (Targets are being included in draft DOE Order 413.X. Upon issuance of this order, targets will be included in annual performance plans.)

The Objective's Strategies

The following strategies describe the way in which the Department will work toward achieving this objective. These activities will be translated into annual budgets and performance plans for the Department.

- M Make greater use of competition in the award of new Facilities Management contracts.
- M Use the Federal Acquisition Regulation to award new support-services contracts as performance-based contracts in conformance with Federal contract-reform efforts.
- M Establish policy, provide guidance, and coordinate Departmental efforts for reporting performance results, FMFIA results, audit resolution results, management representation letters, financial statements, and other financial data.

- M Report through periodic reviews on progress toward stated goals to award grants and contracts to minority educational institutions and small, minority, and women-owned businesses.
- M Establish a strong corporate capability in the CFO for policy and oversight of project management. For example,
 - Establish project management tracking and control systems.
 - Strengthen line management accountability for project management results.
 - Revise the criteria and processes for project funding decisions.
 - Implement a program to develop and credential program/project managers.
- M Implement a crosscutting initiative on nuclear materials stewardship, in order to ensure that the life-cycle management of nuclear materials is safe, environmentally sound, efficient, cost-effective, and transparent (to meet nonproliferation objectives).
- M Improve the quality, timeliness, and content of communications concerning the Department's functions and activities.

OBJECTIVE CM4

Manage information technology systems and infrastructure to improve the Department's efficiency and effectiveness.

Introduction

The Office of Chief Information Officer (CIO) meets DOE's responsibilities for management of information technology (IT), as required by the Clinger-Cohen Act of 1996. The policies and management provided by this office extend to the entire DOE complex. While the majority of funding for IT resides in the Department's program elements, the CIO is directed to justify the Department's IT investment and lead in the development of corporate solutions to Departmental problems. The CIO reports to the Deputy Secretary of Energy.

The Objective's Measures

DOE has established the following performance measures. These measures provide the basis by which the Department will know that it has achieved the objective, or is making progress toward it. These measures will be translated into annual targets for performance plans and budgets for the Department.

- M Ensure economical and effective management of information resources to support DOE missions and objectives.
- M Make effective use of commercial applications and solutions for DOE's enterprise-wide IT infrastructure; link IT investments to DOE strategic goals and the needs of business operations; minimize the number of redundant and duplicative systems; and improve enterprise-wide data sharing.

The Objective's Strategies

The following strategies describe the way in which the Department will work toward achieving this objective. These activities will be translated into annual budgets and performance plans for the Department.

- M Implement the CIO's draft IT capital planning and investment management policy to ensure DOE-wide consistency and uniformity in addressing Clinger-Cohen Act requirements as well as Office of Management and Budget (OMB) and General Accounting Office (GAO) guidance.
- M Maintain IT investments using a Department-wide comprehensive capital planning process. Establish IT-investment review boards composed of senior program managers.
- M Continue the DOE Strategic Information Management (SIM) Program to ensure alignment of major IT investments with DOE business line goals and objectives.
- M Implement an Information Architecture that provides a basis and framework for corporate IT initiatives.
- M Establish standards and policy that will leverage commercial technology and common solutions.
- M Establish common telecommunications and desktop solutions that will reduce costs, improve interoperability, and increase efficiency.

OBJECTIVE CM5

Use appropriate oversight systems to promote the efficient, effective, and economical operation of the Department of Energy.

Introduction

DOE has adopted performance-based management with its implied use of self-assessment for managing the Department and its activities. However, there is still a need and a statutory requirement for independent oversight, which is provided by the Office of the Inspector General (OIG). Independent oversight is also provided by other Departmental offices at a sub-strategic level.

The Objective's Measures

DOE has established the following performance measures. These measures provide the basis by which the Department will know that it has achieved the objective, or is making progress toward it. These measures will be translated into annual targets for performance plans and budgets for the Department.

- M Complete the required annual financial statement audits by dates designated in the law.
- M Complete at least 60 percent of the audits planned for each year and replace those not already started with more significant audits that identify time-sensitive issues in need of review.
- M Initiate at least 70 percent of inspections planned for the year and replace those not already started with inspections that have greater potential impact.

- M Obtain judicial or administrative action on at least 35 percent of cases investigated during the fiscal year.
- M Obtain at least 75 percent acceptance rate on criminal and civil cases formally presented for prosecutorial consideration.

The Objective's Strategies

The following strategies describe the way in which the Department will work toward achieving this objective. These activities will be translated into annual budgets and performance plans for the Department.

- M Complete required financial audits by dates designated in the law.
- M Utilize OIG staff to address emerging issues by responding to Departmental priority requests, answering Congressional inquiries, conducting joint reviews with other Federal agencies, testifying before Congress, and assisting the Justice Department in qui tam cases.
- M Evaluate the results of the Department's use of performance measures to monitor programs and operations.

M Plan the OIG audit, investigation, and inspection workloads by focusing on the issues that are critical. These plans are documented each year in the OIG Annual Performance Plan. Examples of the most critical issues are:

- Intelligence/Counterintelligence,
- Safeguards and Security,
- Contract/Grant Administration,
- Program Management and Operations,
- Environment, Safety, and Health,
- Infrastructure,
- Financial Management,
- Administrative Safeguards, and
- Information Technology Management.

Linkage to Budget Structure

The Corporate Management goal is supported by five objectives. Each objective is being pursued through long-term strategies. DOE's budget Decision Units fund work on those long-term strategies. The annual performance measures are discussed with the Decision Units in the Annual Performance Plan, which is submitted with the budget for each fiscal year. The following chart shows the relationship between Decision Units and objectives.

